



# Legislative Perspective

November 2009

Volume 17 Issue 3

## Revised Forecast Prompts General Fund Holdback

Soon after the Division of Financial Management revised the FY 2010 General Fund revenue estimate downward by \$173 million, the Governor issued a variable holdback equal to an overall 4 percent reduction for state agencies and public schools. After accounting for deficiency warrants of \$7.7 million and supplemental requests of \$26.3 million, the state is facing a budget shortfall of \$151 million. The Governor ordered agencies to temporarily reduce their General Fund appropriations by \$98.9 million (see page 3).

Because the Governor wants public schools to be held harmless by revenue shortfalls this fiscal year, he recommended that the Legislature backfill the public school holdback in January with \$49.3 million from the Public Education Stabilization Fund (PESF). The stabilization fund balances shown as part of the General Fund Budget Update (see p. 2) account for that reduction in PESF. Assuming that all General Fund requests for additional supplemental funding are recommended by the Governor and approved by the Legislature, there remains a budget shortfall in FY 2010 of approximately \$52 million to be dealt with next session. Of the combined requests for supplemental funding, \$8 million is for Indigent Health Care (CAT Fund); \$12 million is for Medicaid caseload increases; \$3.4 million is for inmate growth in the Department of Correction; and just over \$1 million is for spring semester enrollment growth at the College of Western Idaho.

General Fund collections have been tracking with the revised forecast through the end of September (see chart below). Revenues are ahead in individual income tax by \$15 million and lagging in corporate income tax by \$6 million. Although the state is cumulatively \$9.3 million ahead of DFM projections, it is \$65.1 million below what was collected through the same time last year. DFM is relying on a strong finish, with 51.6 percent of the total collections in the last six months of FY 2010 to meet the revised revenue estimate of \$2,377.2 million. Comparably, in FY 2009, 48.5 percent of General Fund revenue was collected in the last half of the year. In January, the Governor will include a second revision of the FY 2010 revenue forecast as part of his FY 2011 budget recommendation.

FY 2010 General Fund Revenue Collections to Date					
Source	July	Aug	Sept	Total	Difference
<b>Individual Income Tax</b>					
Forecast	\$81.8	\$83.6	\$82.4	\$247.8	
Actual	\$82.9	\$95.5	\$84.4	\$262.8	\$15.0
<i>Monthly Excess/Shortage</i>	\$1.1	\$11.9	\$2.0		
<b>Corporate Income Tax</b>					
Forecast	\$4.7	\$0.9	\$23.9	\$29.5	
Actual	\$4.3	\$1.3	\$17.8	\$23.4	(\$6.0)
<i>Monthly Excess/Shortage</i>	(\$0.4)	\$0.4	(\$6.0)		
<b>Sales Tax</b>					
Forecast	\$88.7	\$86.4	\$86.1	\$261.2	
Actual	\$90.6	\$86.0	\$84.4	\$261.0	(\$0.1)
<i>Monthly Excess/Shortage</i>	\$1.9	(\$0.4)	(\$1.6)		
<b>Product Taxes</b>					
Forecast	\$3.2	\$5.1	\$3.4	\$11.7	
Actual	\$3.2	\$5.3	\$3.5	\$12.0	\$0.4
<i>Monthly Excess/Shortage</i>	\$0.0	\$0.2	\$0.2		
<b>Miscellaneous Revenue</b>					
Forecast	\$19.1	\$1.8	\$9.6	\$30.5	
Actual	\$18.1	\$1.8	\$10.7	\$30.6	\$0.1
<i>Monthly Excess/Shortage</i>	(\$1.0)	\$0.0	\$1.1		
<b>TOTAL</b>					
Forecast	\$197.5	\$177.7	\$205.4	\$580.6	
Actual	\$199.1	\$189.9	\$200.9	\$589.9	\$9.3
<i>Monthly Excess/Shortage</i>	\$1.7	\$12.1	(\$4.5)		

\* Difference due to rounding

Staff Contact: Cathy Holland-Smith

## FY 2010 General Fund Budget Update

	<b>Legislative <u>Action Sine Die</u></b>	<b>Revised Forecast <u>FY 2010</u></b>
Beginning Balance	\$ 57,778,300	\$ 13,400
FY 2010 Revenue Estimate (3.6%) from FY 2009	2,550,170,000	2,377,190,000
Net Impact of Legislation	(11,649,000)	
Cash Reversion from H&W and DEQ		3,832,100
<b>TOTAL REVENUES</b>	<b>2,538,521,000</b>	<b>2,381,022,100</b>
<b>TOTAL REVENUES &amp; BEGINNING BALANCE</b>	<b>2,596,299,300</b>	<b>2,381,035,500</b>
S 1227 From Budget Stabilization Fund	30,000,000	55,000,000
S 1227 From Public Education Stabilization Fund		25,000,000
Public Education Stabilization Fund-Holdback		49,255,500
Deficiency Warrants		(7,727,400)
Transfers in from Dedicated Funds	14,917,500	14,960,900
H 378 To PESF for Public Schools	(85,097,600)	(85,097,600)
<b>NET TRANSFERS IN (OUT)</b>	<b>(40,180,100)</b>	<b>51,391,400</b>
FY 2010 Original Appropriations	2,506,580,100	2,506,580,100
Reappropriations		1,301,400
Executive Holdback less Public Schools		(49,720,600)
Supplementals		
Health & Welfare		13,530,500
Medically Indigent / Catastrophic Health Care		8,040,400
Dept. of Correction		3,496,300
College of Western Idaho		1,047,200
All Other Supplementals		175,000
Subtotal Supplementals	0	26,289,400
<b>TOTAL ESTIMATED APPROPRIATIONS</b>	<b>2,506,580,100</b>	<b>2,484,450,300</b>
<b>TOTAL ESTIMATED ENDING BALANCE</b>	<b>49,539,100</b>	<b>(52,023,400)</b>
JFAC Targeted Spending Reduction	(42,270,000)	0
<b>TOTAL JFAC ESTIMATED ENDING BALANCE</b>	<b>\$7,269,100</b>	<b>(\$52,023,400)</b>
Budget Stabilization Fund BSF		\$64,300,000
Public Education Stabilization Fund PESF		17,644,500
Economic Recovery Reserve Fund ERRF		68,200,000
Non-Endowed Traditional Millennium Fund		74,200,000
<b>ESTIMATED ENDING BALANCES</b>		<b>\$224,344,500</b>

## General Fund Holdback Schedule

		Total Original		Exec Order 2009-09	
<b>Education</b>	Public School Support	1,231,386,600	4.0%	49,255,500	
	Agricultural Research & Extension	24,989,900	6.0%	1,499,400	
	College and Universities	253,278,100	6.0%	15,196,700	
	Community Colleges	26,407,000	6.0%	1,584,400	
	Education, Office of the State Board of	2,246,400	7.5%	168,500	
	Health Education Programs	9,939,300	0.0%	-	
	Professional-Technical Education	51,599,900	0.9%	487,000	
	Public Broadcasting System, Educational	1,659,800	7.5%	124,500	
	Special Programs	9,407,900	4.0%	376,300	
	Superintendent of Public Instruction	7,176,300	2.5%	179,400	
	Vocational Rehabilitation	7,725,000	7.5%	579,400	
<b>Total Education</b>		<b>1,625,816,200</b>	<b>4.3%</b>	<b>69,451,100</b>	
<b>Health/Human Services</b>	Medically Indigent Health Care	19,771,700	0.0%	-	
	Health and Welfare, Department of	153,112,900	1.5%	2,425,900	
	H & W Medical Assistance Services	309,178,200	4.1%	12,829,700	
	Independent Living Council, State	113,800	7.5%	8,500	
	Public Health Districts	9,305,100	6.0%	558,300	
<b>Total Health and Human Services</b>		<b>491,481,700</b>	<b>3.2%</b>	<b>15,822,400</b>	
<b>Public Safety</b>	Correction, Department of	150,678,400	1.6%	2,378,400	
	Judicial Branch	30,183,200	2.5%	754,600	
	Juvenile Corrections, Department of	36,097,600	6.0%	2,165,900	
	Police, Idaho State	17,493,900	2.5%	437,300	
<b>Total Public Safety</b>		<b>234,453,100</b>	<b>2.4%</b>	<b>5,736,200</b>	
<b>Natural Resources</b>	Environmental Quality, Department of	15,660,400	7.5%	1,174,500	
	Land, Board of Commissioners	4,614,700	7.5%	346,100	
	Parks and Recreation, Department of	6,762,000	7.5%	507,200	
	Water Resources, Department of	12,373,200	7.5%	928,000	
<b>Total Natural Resources</b>		<b>39,410,300</b>	<b>7.5%</b>	<b>2,955,800</b>	
<b>Economic Development</b>	Agriculture, Department of	7,312,400	7.5%	548,400	
	Soil Conservation Commission	3,946,300	7.5%	296,000	
	Commerce, Department of	4,598,800	11.4%	526,300	
	Labor, Department of	511,100	39.1%	200,000	
	Appellate Public Defender, Office of	2,145,700	6.0%	128,700	
	Hispanic Affairs, Commission on	106,800	7.5%	8,000	
	Veterans Services, Division of	1,530,800	7.5%	114,800	
	Historical Society	2,456,400	7.5%	184,200	
	Libraries, Commission for	3,426,000	7.5%	257,000	
<b>Total Economic Development</b>		<b>26,034,300</b>	<b>8.7%</b>	<b>2,263,400</b>	
<b>General Government</b>	Administration, Department of	7,519,600	2.6%	197,800	
	Aging, Commission on	5,020,200	7.5%	376,500	
	Arts Commission	787,600	7.5%	59,100	
	Attorney General	17,329,000	2.5%	433,200	
	Blind and Visually Impaired, Commission on	1,405,400	7.5%	105,400	
	Controller, State	6,462,100	2.5%	161,600	
	Financial Management, Division of	1,508,100	6.0%	90,500	
	Governor, Executive Office of	1,947,000	5.0%	97,400	
	Human Rights Commission	596,400	7.5%	44,700	
	Legislature, House and Senate	6,349,600	5.0%	317,500	
	Legislative Branch, LSO, Technology, OPE	5,220,400	6.0%	313,200	
	Lieutenant Governor	150,000	5.0%	7,500	
	Military Division	5,336,600	4.0%	213,500	
	Secretary of State	2,048,200	2.5%	51,200	
	Species Conservation, Office of	532,900	7.5%	40,000	
	Tax Appeals, Board of	506,500	7.5%	38,000	
	Tax Commission	25,163,400	0.5%	125,000	
	Treasurer, State	1,501,500	5.0%	75,100	
	<b>Total General Government</b>		<b>\$89,384,500</b>	<b>3.1%</b>	<b>\$2,747,200</b>
	<b>STATEWIDE TOTAL</b>		<b>\$2,506,580,100</b>	<b>3.95%</b>	<b>\$98,976,100</b>

## Capitol Restoration Nears Completion

After two and a half years of “camping out” in the Capitol Annex, it is exciting to announce that the Capitol Restoration Project is on schedule and within budget. Legislative staff is moving out in just three short weeks and everyone’s help is needed to get packed in time for the big move. Below is a reminder of what to expect, but please call Robyn Lockett, 334-4855, if you have questions.

**Today:** Moving boxes and labels are available on the first floor of the Capitol Annex, as well as at 954 W. Jefferson Street for the Legislative Audits Division. Feel free to keep packing and labeling the contents of your office. Robyn will work with each of you to ensure your furniture is properly labeled. Please keep in mind that much of your furniture will be new and will not need a moving label. Some pieces will go to other people or spaces, as well, so please let Robyn know if you have questions during this process.

**Thursday November 19:** Everything must be packed and labeled no later than 5:00 p.m. The IT server and network will be shut down by then so they can be moved to the Capitol. Keep in mind that no one will have access to the phones, network, e-mail or any remote log-in capability for three days.

**Friday November 20:** The House, Senate and Legislative Services will be closed for the day. We will move existing furniture from the Capitol Annex, 954 W. Jefferson St. and the JRW Basement to the Capitol Building on Friday, Saturday and Sunday. All LSO employees should take a vacation day, a furlough day or work with their manager to arrange to work outside the office.

**Monday November 23:** Our first day in the renovated Capitol! Enter through the first floor door on State Street. You will not need a key at this time.

**Throughout December:** Elected officials will be moving into the Capitol in December and some new furniture could still be trickling in. Installers will be busy hanging large pictures in the caucus rooms, committee rooms and outside the chambers. The IT systems and all other technical components of the building will be tested during December and last-minute installations will be taking place. Additionally, the gift shop and other visitor programs will not be ready until early January. Please do not schedule any meetings in the new building or welcome any visitors quite yet. Despite the fact that the House, Senate and LSO will be moved in, we will need this month to troubleshoot the building and get everything in place for the legislative session.



*Legislative Leaders Inspect New Capitol Wings*

Construction fences will remain around the building in an attempt to limit general access until all moves are complete and the building is “officially opened” at the start of session. Plans are for the north, first floor entrance (State

Street) to be made available as the main entry into the building throughout December. Access to unoccupied areas of the building will be restricted during this time.

**January:** Rededication Celebration events will take place early in the month and everyone is welcome to attend. Details for the events will be announced soon.

**General Information about the Capitol:** A new web page has been posted on the Legislature’s site, linked from the home page, that helps explain general operations of the Capitol. See Welcome to the Idaho Capitol Building ([www.legislature.idaho.gov/capitol\\_building.htm](http://www.legislature.idaho.gov/capitol_building.htm)).

*Staff Contact: Robyn Lockett*

## Norma Clark and GEMS Honored by ITRMC

The Information Technology Resource Management Council (ITRMC) has honored the Legislative Services Office with two achievement awards for 2009. **Norma Clark** was selected by a group of Idaho industry executives as IT Manager of the Year, and the Government Electronic Management System (GEMS) created by Norma and her team won top honors in the Digital Government Applications category.

Norma was hired by the Legislative Services Office in 2002 to design and build a bill drafting and tracking system in-house for the Legislature. The previous system, in use for over 30 years, was obsolete and no longer technically supported by the company that designed it.

Nearly seven years in development, GEMS was successfully implemented in the fall of 2008 and used exclusively by the Legislature during the 2009 legislative session. GEMS includes not only bill drafting and tracking, but creation of subject and code indexes, House and Senate journals, calendars, agendas, print publications and web publishing. Other documents produced in GEMS include Session Laws, Weekly Bill Status and the Legislative Directory. The GEMS team has spent the interim fine-tuning and enhancing the system. At the request of Senate and House staff, as well as staff of the Legislative Services Office, several new features have been developed in GEMS and implemented for use during the 2010 session.



*Somer Weich, Norma Clark, Michael Ramshaw, Noreen Chen, Kelly Reister*

## Jeannine Wood Named to ASLCS Executive Committee



*Jeannine Wood*

Secretary of the Senate **Jeannine Wood** was named to the executive committee of the American Society of Legislative Clerks at the ASLCS Professional Development Seminar held recently in Seattle. She also serves on the organization's Bylaws, International Communications and Development, and Professional Journal committees.

Jeannine, an Idaho Senate employee since 1976, has been Secretary of the Senate since 1991. She is the chief parliamentarian of the Senate, manages the office of the Secretary and has general responsibility for all Senate employees; oversees and ensures the accuracy of all official papers and documents; publishes the Journal, the official record of the Senate; and provides assistance to the presiding officer, leadership and other members of the Senate.

## Interim Committee/Task Force Activities

### Alternative Funding Sources Task Force Submits Recommendations

The Alternative Funding Sources Task Force met and heard public testimony on June 30, August 11 and September 29. The charge of the task force was to identify alternative ongoing dedicated funding sources for the Idaho State Police and for the Idaho Department of Parks and Recreation to offset those funds shifted to transportation by H 376 of 2009.

The task force concluded its work following the September 29 meeting and has sent its recommendations to the Legislative Council. In summary, the task force recommends that:

- ▶ the Legislature delay the implementation date of H 376 until July 1, 2011;
- ▶ gas tax revenues for Parks and Recreation be permanently reinstated; and;
- ▶ an ongoing dedicated funding source be found to replace those funds shifted away from the Idaho State Police.

The task force has identified several potential sources of revenues and hopes to collaborate in the future with the Governor's Task Force on Modernizing Transportation Funding.

*Staff Contact: Ray Houston*

### Idaho Council on Indian Affairs Prepares for Tribal Summit Meeting with Governor Otter

At the Idaho Council on Indian Affairs meeting September 1, held on the Duck Valley reservation. Governor Otter's representative, David Hensley, extended an invitation to a summit meeting in December with the leaders of the five recognized Idaho Indian Tribes. Those five recognized tribes represented on the Council are the Kootenai Tribe, the Coeur d'Alene Tribe, the Nez Perce Tribe, the Shoshone-Bannock Tribes and the Shoshone-Paiute Tribes. Four legislative members also sit on the Council: Senator Michael Jorgenson, who serves as Chairman, Senator Edgar Malepeai, Representative George Saylor and Representative Bob Nonini.

Tentative summit agenda items discussed at the September meeting included: budgetary and legislative issues being proposed by the Governor for the 2010 legislative session that may affect tribal interests; the encouragement and funding of positions in state agencies, such as the Indian Affairs Coordinator position and the Indian Education Committee in the Office of the Superintendent of Public Instruction and the Tribal Relations Manager position in the Department of Health and Welfare, that promote Indian interests; the establishment of an Indian Affairs position in the Governor's Office; Public Law 83-280, including the level of state expenditures in Indian Country on matters over which the state of Idaho has assumed jurisdiction pursuant to section 67-5101, Idaho Code, and possible retrocession of P.L. 83-280; and cross deputization of tribal police officers regarding enforcement of county and state laws within Indian Country, including resources to train tribal police officers in the enforcement of county and state laws and the training of county and state police officials in Indian law. The tribal leaders plan to meet prior to the summit to formalize the agenda.

**Membership of committees, minutes and a calendar of scheduled meetings are available on the Legislature's website at: [www.legislature.idaho.gov](http://www.legislature.idaho.gov), or directly through these links:**

**[Interim Committees and Minutes](#)**

**[Legislative Calendar](#)**

At its meeting, the Council heard from Tanya McElfresh, North Regional Director and Tribal Relations Manager for the Department of Health and Welfare, regarding her activities. Ms. McElfresh reported that she is working on Medicaid issues that affect the tribes and seeking tribal consultation on Medicaid waivers and on the Indian Child Welfare Act standards that are being amended. She reported good participation on behalf of the tribes.

Mary Jane Oatman-Wakwak, the Indian Affairs Coordinator for the Idaho Department of Education, provided the Council with a written "Report on Indian Education in Idaho," along with Idaho Standards Achievement Test (ISAT) math and reading proficiency data for Idaho school children, grades 3 through 10. Ms. Oatman-Wakwak commented that the ISAT data requires more time to digest and is presented in a snapshot format. She also said the State Board of Education has promulgated rules for the implementation of Native American language teaching as authorized by the Idaho Code. These rules will allow full-time status to such teachers. There currently are four certified teachers, two for the Nez Perce and two for the Shoshone-Bannock.

Superintendent of Public Instruction Tom Luna provided comments to the Council regarding Idaho Indian education policy. He reminded the Council that he created the Indian affairs coordinator position with moneys in his existing budget because he saw a need. Superintendent Luna stated that there is a link between a quality education system and a growing economy. If one is neglected, the other suffers. Too many children do not graduate from high school, and if they graduate, they are not prepared for college or to enter the workforce. He is committed to continuing to raise the bar through better use of existing resources and by seeking additional resources. According to Superintendent Luna, all Idaho schools are held to the same standard as measured by annual yearly progress (AYP). Two years ago, one-fourth of the schools made AYP; last year 66% of the schools made AYP. This is a tremendous statewide achievement that has been accomplished by focusing resources where needed and holding parents, teachers and administrators accountable. "There is still a long way to go" Luna concluded.

In other business, Communications Director Garry Lough, Idaho Education Network (IEN), provided information to the Council on the IEN, and Donnie Hale, Boise State University TRIO and Upward Bound programs, briefed the Council on the Upward Bound Program.

*Staff Contact: Paige Alan Parker*

### **Health Care Task Force Supports IHDE Grant Application**

At its September 28 meeting, the Health Care Task Force voted to send a letter supporting the Idaho Health Data Exchange's (IHDE) application for a federal State Health Information Exchange Cooperative Agreement grant. According to former Senator Dick Compton, Chairman of the IHDE, the grant is needed to support the statewide expansion of the IHDE. Senator Compton informed the task force that the IHDE is self-sustaining and will not require an appropriation to carry on its work to expand the necessary infrastructure needed to construct a statewide health information exchange if the grant is obtained.

Senator Joe Stegner, Co-chair of the Mental Health Subcommittee, reported that Governor Otter has refused to sign a proposed contract with the Western Interstate

**Superintendent Luna said the marked increase in the number of schools making annual yearly progress has been accomplished by focusing resources where needed and holding parents, teachers and administrators accountable.**

Commission for Higher Education (WICHE) to help implement the WICHE-developed plan to transform the mental health delivery system in Idaho. The Governor's reason for rejecting the proposed contract was because it did not go through the competitive bidding process. According to Senator Stegner, the Governor's Behavioral Health Transformational Workgroup, which is working on this mental health transformation project, is continuing to meet and develop implementation strategies.

The Immunization Subcommittee, which met immediately preceding the task force, is dealing with the consequences of the Legislature's decision in the 2009 legislative session to withdraw funding for the Idaho Immunization Program. Co-chair Representative Gary Collins reported that there had been good representation of the stakeholders and agencies at the meeting and, although there was good input, more questions were raised than answered. The subcommittee will meet again on November 4.

The task force heard from Tiffany Whitmore and Po Huang, M.D. regarding the telemedicine program at St. Alphonsus Regional Medical Center, which uses interactive robots to facilitate information transfer and patient treatment at rural hospitals, including hospitals in Cottonwood, Orofino, Grangeville, Cascade, West Valley and Emmett. According to Ms. Whitmore, the telemedicine program has achieved quantifiable benefits, including the prevention of 15 air transports, saving \$354,999, serving 184 patients and providing education seminars to 237 people.

The task force received a report from Mike Gwartney, Director of the Department of Administration, and Doug Dammrose, M.D., Chief Medical Officer of Blue Cross of Idaho, on the state of Idaho Employee Health Plan. Senator Broadsword and Christian Shull, M.D. presented information on insurance coverage for orally administered chemotherapy treatments for cancer, followed by a response by Dr. Dammrose on behalf of Blue Cross and by Richard Rainey, M.D., Idaho Medical Director for Regence BlueShield of Idaho. Senator Dean Cameron, Co-chair of the task force, asked the presenters to provide additional information on this important issue.

The task force continues to monitor the current efforts by the federal government to pass health care reform legislation, receiving an update from Joy Wilson of the National Conference of State Legislatures and hearing from representatives of affected groups, including Susie Pouliot, Chief Executive Officer of the Idaho Medical Association (IMA); Steve Millard, President and Chief Executive Director of the Idaho Hospital Association; Dr. Dammrose, representing the Idaho Association of Health Care Plans; Dede Shelton, Advocacy Director for AARP Idaho; Alex LaBeau, President of the Idaho Association of Commerce & Industry; and Tom Shores and Scott Leavitt of the Idaho Association of Health Underwriters. Senator Cameron asked the interested parties to address the task force at its November 4 meeting concerning whether Idaho, if given the option, should opt out of the federal health care reform and what Idaho can do on its own to reduce health care costs.

*Staff Contact: Paige Alan Parker*

**Co-chair Senator Cameron asked interested parties to address the Health Care Task Force when it meets November 4 concerning whether Idaho, if given the option, should opt out of federal health care reform and what Idaho can do on its own to reduce health care costs.**

## Soil Conservation Commission Interim Committee Considers Structural and Financial Issues

The Soil Conservation Commission Interim Committee met in Boise on July 27 and again in Jerome on September 23. The focus of both meetings was to ascertain the working relationships between Idaho's conservation partners and to determine whether the statutory provisions of the Idaho Code provide sufficient clarity and authority for such relationships.

The committee received detailed presentations from Idaho's conservation partners, including personnel from four of the 51 local districts, the Soil Conservation Commission, the Association of Soil Conservation Districts and the National Resources Conservation Service. In addition, the committee heard from personnel of the Department of Agriculture, the Idaho District Employee's Association and a deputy from the Attorney General's Office.

Over the course of the July and September meetings, the committee was briefed on a number of concerns relating to the nature of the relationships among Idaho's conservation partnership, as well as several proposals for statutory changes to the Soil Conservation District Law to address the concerns. During the September meeting, the committee organized the proposals into two categories: those that address structural issues and those that address financial issues.

Proposed statutory changes identifying structure-related items include the location of the Soil Conservation Commission in state government, the method of selecting commission members and local district supervisors, codification of the Idaho Association of Conservation Districts' authority to represent local districts and the consolidation of districts. Proposed statutory changes addressing financial-related items involve the statutory base funding amount for local districts, the method for allocating local district funds and the role of the Soil Conservation Commission in overseeing the financial accountability of local districts.

The committee divided into a Structural Subcommittee and a Financial Subcommittee to address these issues. The subcommittees will report on proposed statutory revisions at the committee's next meeting in November.

*Staff Contact: Brooke Murdoch*

## Natural Resources Interim Committee Update

The Natural Resources Interim Committee met in Boise on July 31 and again on September 24. During the July meeting, the committee received an update regarding conjunctive management cases before the Idaho Department of Water Resources. The presentation summarized the status of the delivery calls involving A & B Irrigation District, the Surface Water Coalition and Thousand Springs. In terms of A & B Irrigation District, the director issued his final order on June 30 and a petition for judicial review is pending. In regard to the Surface Water Coalition call, Judge Melanson issued an order on petition for judicial review in July. The actions taken by the director in regard to that call were affirmed in part, reversed in part, and remanded for further proceedings consistent with the judge's order. Petitions for reconsideration have been filed by the ground water districts and City of Pocatello. An order was also issued by the judge in June relating to the Thousand Springs call.

**In November, subcommittees of the Soil Conservation Commission Interim Committee will report on proposed statutory revisions that address structural and financial issues, including organization and oversight of financial accountability.**

That matter was also remanded for further proceedings consistent with the court's order. Subsequent to the order, Thousand Springs requested reconsideration and the parties are now awaiting a decision.

The committee was also briefed on the proposed federal Wild Free-Roaming Horses and Burros Act. There are a number of issues of concern relating to the proposed legislation and the bill's potential impact on the use of public lands. In part, the bill provides that acreage available for wild and free-roaming horses and burros be at least equal to the acreage on which they were found in 1971, and that a thriving natural ecological balance on those lands needs to be maintained. The committee was informed that some interpret the legislation as prioritizing horses and burros to the detriment of other forms of wildlife.

The Working Lands Coalition also made a detailed presentation to the committee concerning its work over the last three years. The committee was presented with an overview to encourage legislative conversation, questions and suggestions on how to maintain our working ranches, farms and forests in Idaho. The committee was informed about the ways in which other western states are attempting to address working lands concerns, such as conservation easements and market-based incentives.

During the September meeting, personnel from the Department of Water Resources, the Water Resource Board and CDR Associates updated the committee on the status of the Comprehensive Aquifer Management Program (CAMP). Information on various funding options was included in the presentation. The Implementation Committee has developed the following sideboards relating to funding:

- ▶ Funding should be based upon the assessment of a mandatory fee rather than a tax. A fee-based approach can be tailored to each water user group and a fee based on benefits received is likely to enjoy more public support.
- ▶ Fees should be collected either through counties or water districts – not a new level of governance such as a conservancy district.
- ▶ Fees must be based upon the funding allocation set forth in the CAMP.

At the conclusion of the presentation, the committee unanimously voted to accept the conceptual plan of the Eastern Snake Plain Aquifer Implementation Committee to fund the ESPA Plan through a mandatory fee assessed either by the water districts and/or counties and/or other methods, and requested that the Implementation Committee develop legislation consistent with the conceptual plan for consideration during the next legislative session.

As a final matter during the September meeting, the committee was updated on wolf management in Idaho following delisting, as well as the continuing federal court case in Montana. The committee was reminded that the hunting season statewide limit is 220 wolves throughout the state's 12 management zones. There are higher management levels where more livestock depredation has occurred. At the time of the meeting, there had been a harvest of only eight wolves, but the Department of Fish and Game expects the number to increase during deer and elk season. A deputy from the Attorney General's Office informed the committee that a trial date in the federal case in Montana is probably expected in March 2010. He indicated that

**The Natural Resources Interim Committee voted to accept the conceptual plan of the Eastern Snake Plain Aquifer Implementation Committee for funding and requested that the committee develop legislation consistent with the plan for consideration during the 2010 legislative session.**

the judge did not enjoin the hunting season in Idaho because he did not believe it would affect the population. The judge determined that the measure of harm is not whether an individual wolf is killed but the effect of the kill on the population. The judge did, however, indicate that he continued to be concerned regarding the delisting in that Wyoming was removed from the three state analysis when wolves in Idaho and Montana were delisted.

*Staff Contact Katharine Gerrity*

## **Energy, Environment and Technology Interim Committee Holds Final Meeting**

The Energy, Environment and Technology Interim Committee met on October 20 and 21. Administrator Paul Kjellander and Steven Aumeier, Office of Energy Resources, discussed the wide-ranging work on options for Idaho's energy future being done by the office and the Idaho Strategic Energy Alliance, an effort launched by the Governor that includes task forces, a board of private industry representatives and a council that includes state agency heads. Committee members discussed whether the Office of Energy Resources should be statutorily codified and whether the Idaho Strategic Energy Alliance and its task forces are complying with the Idaho Open Meeting Law.

University of Idaho Professor Jay O'Laughlin reported that woody biomass — converting mill or forest residues into thermal and electrical energy — provided 4.7 percent of the energy consumed in Idaho in 2007, and 1.8 percent of the energy consumed in the U.S. The University of Idaho has been heating the campus with wood for 20 years. Its wood-fired steam plant uses 22,000 dry tons of woody biomass material a year, resulting in savings on utilities for taxpayers. Professor O'Laughlin said the university is saving \$1.5 million a year compared to natural gas costs. Idaho's mill residues are currently being fully utilized; expanding use of woody biomass for energy in Idaho would require new supplies of logging slash and leavings from additional forest thinning.

Representative Eric Anderson reported that Idaho's efforts to keep invasive quagga and zebra mussels from getting into the state's waterways appear to be succeeding and that Idaho avoided any contact with these species in waterways this year. Seventeen sites were established to inspect boats coming into the state, and Idaho required boaters to buy a special sticker to fund the anti-mussel efforts.

Senator Elliot Werk and Representative Brian Cronin presented a proposed statute and a concurrent resolution that would give the Public Utilities Commission (PUC) further direction in implementing the 2007 State Energy Plan. PUC Commissioner Jim Kempton discussed actions the PUC had taken regarding the plan. Proposed legislation was presented by Representative Wendy Jaquet and John Watts, representing McKinstry Co., that would provide a state income tax credit to businesses and individuals who install alternative energy devices on their property. Terri Ottens, representing the Community Action Partnership Association, presented proposed legislation that would allow the PUC to provide additional assistance to low-income persons for heating and energy purposes.

Representative Bert Stevenson presented a report on meetings about fees for impacts of growth on electrical systems that took place this legislative interim. Lane Packwood of the Department of Commerce gave an update about proposed legislation he had presented at the last meeting regarding energy independence districts. Paul Kjellander discussed transmission projects proposed to be sited across Idaho. Rich Walje, President of Rocky Mountain Power, and Neil Colwell, Avista Corp., presented information about the federal cap and trade legislation working its way through Congress.

This was the committee's last meeting this legislative interim. No recommendations were made about proposed legislation.

*Staff Contact: Mike Nugent*

## Legislative Audits Division Update

The Legislative Audits Division recently issued management reports for the following 11 agencies: Office on Drug Policy, Idaho State Police, State Racing Commission, Board of Veterinary Medicine, Department of Juvenile Corrections, Board of Pharmacy, Commission on Aging, Department of Administration, Department of Agriculture, State Historical Society and Vocational Rehabilitation. Ninety-day follow-up reports were issued for the Department of Correction and the Police Officer Standards and Training (POST) Academy.

The report for the Department of Agriculture includes four findings, three of which relate to the Soil Conservation Commission's loan program.

- ▶ The standards for weights and measures have not been properly calibrated with national parameters.
- ▶ Requests for loan payments exceeded available funds and delayed payments to borrowers.
- ▶ Data in the automated loan system program is inaccurate and inconsistent.
- ▶ Weaknesses exist in the internal controls over loan collection activities.

The report recommends:

- ▶ the Department of Agriculture calibrate weights and measures standards with the National Institute of Standards and Technology (NIST) standards as required by Idaho Code;
- ▶ the Soil Conservation Commission (SCC) develop a comprehensive cash flow schedule and consider the available cash balance when approving loan applications to avoid future delays in loan payments to borrowers;
- ▶ the SCC evaluate and adjust its automated system to properly calculate late fees, calculate and report interest correctly, recognize prepayments on loans when received, and bill loans-in-process in accordance with the loan documents; and
- ▶ the SCC consistently follow internal control policies and procedures over collection activities.

### Legislative Audits Successfully Meets Peer Review Standards

Federal regulations require a peer review every three years for entities that perform government audits. The Legislative Audits Division was reviewed by a group of five auditors from offices in other states during the week of September 21. This review examined policies, procedures and workpapers for nearly all of the reports issued during FY 2008 to ensure that all applicable government auditing and accounting standards were followed. The review concluded that the Legislative Audits Division system of controls and procedures, documentation and other evidence complies with these standards.

### ARRA Affect on Legislative Audits

The American Recovery and Reinvestment Act of 2009 will enhance many existing federal programs, as well as create several new ones over the next three years. Along with additional federal funding come regulations and disclosure requirements that must be included in the annual federal Single Audit performed by Legislative Audits. This will significantly increase the workload for FY 2011, and the division staff is working with the executive and legislative budget staff to identify funding to complete this work.

*Staff Contact: Don Berg*

**Complete audit reports and 90-day follow-up reports are available on the Legislature's website:**

**[Legislative Audits](#)**

**Hard copies of audit reports are available upon request by calling the Legislative Audits Division at 334-4832.**

## Proposed Administrative Rules

All administrative rules submitted to the Legislature for review during the interim are available online, along with analysis by staff of the Research and Legislation Division. For a complete listing, please see <http://www.legislature.idaho.gov/sessioninfo/2009/Interim/adminrules/rules.htm>.

*Staff Contact: Charmi Arregui*

## New in the Legislative Library

### Budget

**Early Care and Education State Budget Actions FY2009.** Julie Poppe. National Conference of State Legislatures. (362.712 P67 2009)

**Idaho Economic Forecast.** Idaho Division of Financial Management. (330.9 I33 2009 no. 3)

### Directories

**Combined Federal/State Disclosure and Election Directory 2009.** Federal Election Commission. (324.6 F43 2009)

### Education

**Feasibility of School District Services Consolidation.** Idaho Office of Performance Evaluations, 2009. (352.439796 I 09-04)

### Environment

**Carbon Sequestration Study: An Analysis of Geological and Terrestrial Carbon Sequestration Regulatory and Policy Issues.** (A Report to the 61<sup>st</sup> Legislature of the State of Montana by the Energy and Telecommunications Interim Committee) Sonja Nowakowski. (363.735 N69 2008)

### Ethics

**Reflections: Being Ethical in Today's Legislature.** National Conference of State Legislatures. (172.2 N38 2006)

### Fire

**The Price of Flame: Final Report of the Fire Suppression Interim Committee.** Leanne Heisel. Montana Legislative Services Division. (363.377 H45 2009)

### Government

**Educating Citizens About the Legislature: Six Recommendations.** National Conference of State Legislatures. (328.068 N38 1993)

**Learning the Game: How the Legislative Process Works.** Tommy Neal. National Conference of State Legislatures. (328 N43 2005)

**An Overview on Administrative Rules, Policy and Stringency.** Pat Barclay. Idaho Council on Industry and the Environment. (342.066 I33 2009)

**Strengthening State Legislatures: A Report of NCSL's Legislative Institutions Task Force.** National Conference of State Legislatures. (328.068 N38 1994)

**Succession Planning in the Legislative Workplace: A Guide for State Legislatures.** National Conference of State Legislatures. (328.36 N38 2005)

### Lobbying and Lobbyists

**Making Your Case: How to Win in the Legislature.** Tommy Neal. National Conference of State Legislatures. (324.4 N45 2005)

### Medical

**Aging in Place: State Policy Trends and Options.** Barbara Yorndorf. National Conference of State Legislatures. (368.382 N38 2005)

**Chronic Disease and Health Costs: A Snapshot for State Legislatures.** Martha P. King. National Conference of State Legislatures. (614.59 K56 2005)

**A Framework for Considering Health Care Cost Containment.** Barbara Yorndorf. National Conference of State Legislatures. (368.382 N38 2003)

**Genetics: A Snapshot for State Legislatures.** Alissa Johnson. National Conference of State Legislatures. (616.0277 J64 2006)

**Idaho Behavioral Health System Redesign: Findings and Recommendations for the Idaho State Legislature.** WICHE Mental Health Program. (362.22 W53 2008)

**Immunizations: A Snapshot for State Legislatures.** Johanna M. Donlin. National Conference of State Legislatures. (614.47 D66 2004)

**Investing in Cost-Effective Health Services and Strategies.** Martha King. National Conference of State Legislatures. (368.382 N38 2004)

**Medicaid: A Snapshot for State Legislatures.** Martha P. King. National Conference of State Legislatures. (362.104252 K56 2004)

**The Oregon Experience: Prioritizing Services and Expanding Coverage.** Barbara Yorndorf. National Conference of State Legislatures. (368.382 N38 2002)

**Spending Wisely: Promoting a More Rational Health Care System Through Better Benefit Design.** Barbara Yorndorf. National Conference of State Legislatures. (368.382 N38 2002)

**Stem Cells: A Guide for Policymakers.** Alissa Johnson. National Conference of State Legislatures. (616.02774 J64 2006)

**A Vision for a Compassionate and Affordable Health System.** Richard D. Lamm. National Conference of State Legislatures. (368.382 N38 2001)

## Military

### **Supporting Defense Communities: State and Military**

**Lessons Learned.** Christina L. Nelson. National Conference of State Legislatures. (355.7 N45 2007)

## Native Americans

### **Cardiovascular Disease in Native Americans and Alaska**

**Natives: Policies for Prevention.** Glen Andersen. National Conference of State Legislatures. (970.5 A53 2006)

### **Criminal Jurisdiction and Law Enforcement: Areas for**

**State-Tribal Cooperation.** Andrea Wilkins. National Conference of State Legislatures. (970.5 W55 2006)

### **Promoting Cardiovascular Health in Indian Country:**

**Policy Recommendations.** Sia Davis. National Conference of State Legislatures. (970.5 D38 2007)

### **Transportation Planning on Tribal Lands.** Melissa

Savage. National Conference of State Legislatures. (970.5 S38 2006)

## Water

### **A Guide to Montana Water Quality Regulation.** Joe

Kolman. Montana Legislative Environmental Policy Office. (333.91 M66 2008)

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## Legislative Perspective

*An Internet Newsletter —*

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